

AR12

**Annual
Report
1966**

Lee J

**Nigadoo
River
Mines
Limited**

NIGADOO RIVER MINES LIMITED

BOARD OF DIRECTORS

Dr. Pierre Beauchemin
President

Jean Beauchemin
Vice-President

Lucien C. Béliveau, Eng.
General Manager

Claude Beauchemin
Attorney

John C. Dumbrille, Eng.
Cecil H. Franklin

André Beauchemin, Eng.
Secretary-Treasurer

OTHER OFFICERS

Réal J. Lafleur
Assistant Secretary-Treasurer

O. R. Wray, Eng.
Mine Manager

Maurice Scott, Eng.
Consulting Geologist

AUDITORS

Price Waterhouse & Co.
Montreal

BANKS

National Canadian Bank
The Provincial Bank of Canada

TRANSFER AGENTS

Eastern and Chartered Trust Company
Toronto

CAPITAL

Authorized — 3,000,000 shares
Issued — 2,900,000 shares

MINE OFFICE

Robertville, Gloucester County
New Brunswick

HEAD OFFICE

Room 1401, 80 Richmond Street West
Toronto, Ontario

EXECUTIVE OFFICE

Suite 1403, 507 Place d'Armes
Montreal, Quebec

ANNUAL MEETING

May 31, 1967 at 2.00 p.m.
Holiday Motel
Hawkesbury, Ontario

DIRECTORS' REPORT

NIGADOO RIVER MINES LIMITED

May 5, 1967

The Board of Directors submits herewith the Annual Report of your Company, together with the balance sheet, as at December 31, 1966.

The construction phase is now terminated. Due to a three-month strike, delays in the delivery and the installation of the equipment, the surface plant will not be ready for operations until October of this year. Production is scheduled to begin when sufficient underground development work has been executed to allow flexible and smooth mining operations.

Ore reserves indicated by surface diamond drilling, have already been reported at 1,390,000 tons containing 4.36 ounces of silver per ton, 2.9% lead, 2.77% zinc, 0.34% copper and appreciable cadmium and bismuth values. Development to-date has shown the continuity of the ore at the lower level and confirmed the expectations of previous exploration. The limited amount of work executed at this stage does not allow a revision of the calculations of the ore reserves.

Through loans, the principal shareholders of the Company, Sullico Mines Limited and Sullivan Consolidated Mines Limited, are financing your property into production.

The Annual Meeting of the Shareholders will be held at the Holiday Motel, Hawkesbury, Ontario, on the 31st day of May 1967 at 2:00 P.M. All shareholders are cordially invited to attend.

Your Directors wish to express their appreciation to the officers and the personnel of your Company for their loyal services.

On behalf of the Board of Directors,

PIERRE BEAUCHEMIN, President.

NIGADOO RIVER MINES LIMITED

(Incorporated under the Ontario Corporations Act on August 13, 1956)

ASSETS

| Current assets : | 1966 | 1965 |
|---|--------------------|--------------------|
| Cash | \$ 26,612 | \$ 24,532 |
| Accounts receivable— | | |
| Parent and affiliated companies | 15,625 | 8,776 |
| Others | 2,177 | 836 |
| Inventory of supplies — at cost | 274,120 | 138,832 |
| Prepaid expenses | 4,928 | 2,437 |
| | <u>323,462</u> | <u>175,413</u> |
| Long-term deposits | <u>18,300</u> | <u>18,300</u> |
| Fixed assets, at cost: | | |
| Mining claims under mining licence and miner's certificates | 286,334 | 296,334 |
| Surface rights | 17,142 | 8,892 |
| Land, buildings and equipment (Note I) | 2,578,887 | 1,309,429 |
| | <u>2,882,363</u> | <u>1,614,655</u> |
| Pre-production expenditures: | | |
| Development (Statement I) | 3,252,737 | 2,124,225 |
| Administrative (Statement II) | 193,109 | 121,448 |
| | <u>3,445,846</u> | <u>2,245,673</u> |
| Organization expenses | <u>6,587</u> | <u>6,587</u> |
| | <u>\$6,676,558</u> | <u>\$4,060,628</u> |

Note 1: Since the company is not yet in production, no depreciation has been recorded on buildings and equipment.

Note 2: An option in favour of Sullico Mines Limited and Sullivan Consolidated Mines Limited to purchase the remaining 100,000 shares of capital stock at \$1 per share is outstanding, exercisable within two years of the commencement of commercial production of the present mining claims but not later than December 31, 1967, provided the optionees or their assigns shall have advanced to the company the capital required to bring the said mining property into commercial production, in amounts and at a rate sufficient to maintain a development and mine preparation programme consistent with sound engineering advice.

Note 3: Capital expenditures for the year 1967 are expected to aggregate \$1,000,000.

Approved on behalf of the Board:

PIERRE BEAUCHEMIN, Director

C. H. FRANKLIN, Director

BALANCE SHEET — DECEMBER 31, 1966

LIABILITIES AND CAPITAL

| | | |
|---|--------------------|--------------------|
| Current liabilities : | 1966 | 1965 |
| Accounts payable and accrued liabilities | \$ 173,422 | \$ 227,842 |
| Owing to parent and affiliated companies | 37,081 | 14,418 |
| | <u>210,503</u> | <u>242,260</u> |
| Loans payable to parent and affiliated companies : | | |
| Payable on demand, bearing interest at 1% per annum | 4,461,000 | 1,800,000 |
| Non-interest bearing notes, due one year after commencement of commercial production | 100,000 | 100,000 |
| | <u>4,561,000</u> | <u>1,900,000</u> |
| Capital : | | |
| Capital stock— | | |
| Authorized — 3,000,000 shares of no par value | | |
| Issued and fully paid — 2,900,000 shares (Note 2) | 1,954,215 | 1,954,215 |
| Deduct : | | |
| Loss on sale of fixed assets | 18,568 | 18,568 |
| Abandoned claims | 30,592 | 17,279 |
| | <u>49,160</u> | <u>35,847</u> |
| | <u>1,905,055</u> | <u>1,918,368</u> |
| | <u>\$6,676,558</u> | <u>\$4,060,628</u> |

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Nigadoo River Mines Limited as at December 31, 1966 and the related statements of development and of administrative expenditures (pre-production expenditures) and of changes in working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1966 and of its operations and the changes in working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, March 20, 1967.

PRICE WATERHOUSE & CO.
Chartered Accountants.

NIGADOO RIVER MINES LIMITED

(Incorporated under the Ontario Corporations Act on August 13, 1956)

Statement I

STATEMENT OF DEVELOPMENT EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1966

| | Balance December 31, 1965 | Expenditures during the year | Balance December 31, 1966 |
|--|---------------------------------|------------------------------------|---------------------------------|
| Roads and surface improvements | \$ 25,584 | \$ 13,170 | \$ 38,754 |
| Surface exploration | 306,230 | 16,658 | 322,888 |
| Mine development | 1,214,808 | 818,260 | 2,033,068 |
| Metallurgical, including operation of experimental mill | 99,913 | 1,102 | 101,015 |
| Experimental | 41,715 | 1,158 | 42,873 |
| Mine general expenses (Schedule A) | 405,657 | 281,477 | 687,134 |
| Shut-down maintenance | 35,597 | — | 35,597 |
| | <u>2,129,504</u> | <u>1,131,825</u> | <u>3,261,329</u> |
| Less: Amounts written off to cost of mining claims abandoned | 5,279 | 3,313 | 8,592 |
| Per balance sheet | <u>\$2,124,225</u> | <u>\$1,128,512</u> | <u>\$3,252,737</u> |

Statement II

STATEMENT OF ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 1966

| | Balance December 31, 1965 | Expenditures during the year | Balance December 31, 1966 |
|--|---------------------------------|------------------------------------|---------------------------------|
| Salaries | \$ 22,009 | \$ 22,211 | \$ 44,220 |
| Legal and audit | 36,258 | 8,411 | 44,669 |
| Transfer agents and registrars | 2,958 | 247 | 3,205 |
| Travelling | 3,175 | 268 | 3,443 |
| Management charges incurred by prior interests | 21,369 | — | 21,369 |
| Filing fees, capital and business taxes | 11,535 | 562 | 12,097 |
| Shut-down expenses | 5,076 | — | 5,076 |
| Interest | 7,825 | 33,079 | 40,904 |
| Miscellaneous | 11,243 | 6,883 | 18,126 |
| Per balance sheet | <u>\$ 121,448</u> | <u>\$ 71,661</u> | <u>\$ 193,109</u> |

NIGADOO RIVER MINES LIMITED

(Incorporated under the Ontario Corporations Act on August 13, 1956)

STATEMENT OF CHANGES IN WORKING CAPITAL FOR THE YEAR ENDED DECEMBER 31, 1966

Statement III

| | | |
|---|------------|-------------|
| Current liabilities as at December 31, 1965 | \$ 242,260 | |
| Current assets as at December 31, 1965 | 175,413 | \$ (66,847) |
| Source of funds: | | |
| Loans from parent and affiliated companies | | 2,661,000 |
| | | 2,594,153 |
| Application of funds: | | |
| Additions to fixed assets | 1,277,708 | |
| Increase in pre-production expenditures | 1,200,173 | |
| Expenses written off to cost of mining claims abandoned | 3,313 | 2,481,194 |
| | | \$ 112,959 |
| Current assets as at December 31, 1966 | | \$ 323,462 |
| Current liabilities as at December 31, 1966 | | 210,503 |
| Working capital as at December 31, 1966 | | \$ 112,959 |

SCHEDULE OF MINE GENERAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1966

Schedule A

| | Balance December 31, 1965 | Expenditures during the year | Balance December 31, 1966 |
|---|---------------------------------|------------------------------------|---------------------------------|
| Geologists, engineers and mine management | \$147,189 | \$106,514 | \$253,703 |
| Consulting fees | 53,461 | 8,381 | 61,842 |
| Maintenance | 58,641 | 11,799 | 70,440 |
| Travelling expenses | 43,439 | 5,459 | 48,898 |
| Workmen's Compensation and Unemployment Insurance | 21,533 | 31,928 | 53,461 |
| Machine Shop | 7,864 | — | 7,864 |
| Trucking ore to mill | 7,826 | — | 7,826 |
| Supplies | 7,496 | — | 7,496 |
| Boarding house | 4,546 | — | 4,546 |
| Warehouse | 8,191 | 12,107 | 20,298 |
| Mine office expenses | 7,657 | 19,294 | 26,951 |
| Insurance and property taxes | 9,762 | 23,556 | 33,318 |
| Vacation and statutory holidays | 5,918 | 8,873 | 14,791 |
| Security and fire protection | 2,353 | 35,142 | 37,495 |
| Miscellaneous | 19,781 | 18,424 | 38,205 |
| Per Statement I | \$405,657 | \$281,477 | \$687,134 |

April 12th, 1967

Mine Manager's Report
To the President and Directors

NIGADOO RIVER MINES LIMITED

Gentlemen,

Submitted herewith is the mine annual report for the year 1966.

Mine development work was actively carried on in the various levels of the mine until last October 22nd when work was halted by a strike. It was not resumed before the following month of February.

The ore and waste pass system with two loading pockets were completed and are in active use.

A start has been made in advancing raises which will be used for a permanent ventilation system.

The main sumps were completed on the 490 and 1700 levels.

During the year, the following rock excavation work was completed in the mine.

| | Feet Advance | Cubic Feet Slashing |
|---|--------------|---------------------|
| Sumps | | 47663 |
| Station brows | | 2690 |
| Drifting and cross cutting | 9172 | 103217 |
| Raising (all types) | 5099 | 1377 |
| Stope preparation (tear down backs) | | 1975 tons |

ORE DEVELOPMENT

Development of the vein systems was actively pursued. Zones both north and south of the shaft were opened up, particularly on the levels above the 1050 horizon and on the 1550 level. The work revealed a good continuity of the main vein structure and it also indicated the presence of a parallel vein on the 1550 level. Satisfactory results were obtained in establishing the vertical continuity of the main vein by raising.

A start was made in preparation for stoping, drift backs being taken down and some timber backs installed.

The main block of the ore reserves north of the disturbed zone has not yet been developed, and it is too early to revise previous estimates indicated by surface diamond drilling and calculated at 1,390,000 tons containing 2.97% lead, 2.77% zinc, 0.34% copper and 4.36 ounces of silver per ton.

It is interesting to note that a 580-foot ore length was developed on the bottom 1550 level having a grade of 0.36% copper, 2.94 lead, 3.67% zinc and 3.45 ounces of silver per ton.

CONSTRUCTION

The steel work and roof of the mill were completed and most of the siding applied and some of the mill equipment was installed in the mill.

The new transformers, receiving 69000 volt power, were connected. The eight-foot hoist and two compressors of 2200 cfm and 2100 cfm capacity were put in use.

The Assay Office was completed and is in active use.

Work was commenced on the piers for a large concentrate shed.

The housing group of 39 residential units was completed during the year. These constitute a useful and attractive feature for the personnel at the mine.

LABOUR RELATIONS


On June 24, 1966, certification was granted to the Mine, Mill and Smelters Workers Union.

Negotiations were resumed with the Union in July and subsequent terms of a majority report of the Conciliation Board were rejected by the Union membership. Picket lines were set up on October 22, 1966.

Final settlement did not take place until February 3, 1967 when a four-year contract was signed.

In concluding this report, I wish to express my thanks to the President, the Directors and the General Manager for their assistance and guidance throughout the year. I take this occasion to thank the operating staff for their loyal and efficient service.

O. R. WRAY, Eng.
Resident Manager



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